

TRANSMITTAL SLIP		1 April 1986	
TO: D/OLL			
ROOM NO. 7B24	BUILDING HQS		
REMARKS: (Ref: ER 86-0818x/11)			
FROM		SOVA/DED/DC	
ROOM NO. 5E46	BUILDING HQS	EXTENSION	

FORM NO.
1 FEB 56 241

REPLACES FORM 36-8
WHICH MAY BE USED.

(47)

Central Intelligence Agency



Washington, D.C. 20505

OSI FILE 11ASC
RECPT # _____

12 April 1986

The Honorable Les Aspin
Chairman
Committee on Armed Services
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

We appreciate the interest that you and your staff have shown in our efforts to cost Soviet defense activities in dollars. As you can see in the enclosed response, the evidence supports three of the possible explanations you offered in your 21 February letter asking why Soviet procurement of major weapon systems has been much larger in physical terms than US procurement during the 1982-84 period, even though defense spending in dollars was roughly equal:

- ° Soviet equipment in most cases is much simpler in design and therefore much less costly on a per unit basis.
- ° The US has been investing much more heavily in procurement categories that are not measured by the number of weapons produced, such as ammunition and spare parts.
- ° Finally, a comparison of major weapons production does not reflect the cost of product improvement programs undertaken by the US. [redacted]

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We do not believe our prices either understate or overstate costs substantially. We have done a good deal of analysis in this area and, although our estimates of the dollar costs of Soviet defense activities are subject to error, we believe at the outside, our estimates of defense outlays are not off by more than 10 percent in any one year from 1975 to 1984. [redacted]

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If we can be of any further assistance, please let me know. [redacted]

Sincerely,

William J. Casey
Director of Central Intelligence

Enclosures

1. Investment Comparisons
2. Table 1
3. Table 2
4. Figure 1

25X1

CONFIDENTIAL [redacted]

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SECRET

DDI- 01776X86


4 APR 1986

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director for Intelligence
Director, Office of Congressional Affairs

FROM: 
Acting Director of Soviet Analysis

SUBJECT: Response to Query from Congressman Les Aspin

I am forwarding for your signature a response to questions on our dollar
costing work from Congressman Les Aspin. 

Attachment:
As stated

Unclassified When Separated
From Attachment

SECRET

SECRET

SUBJECT: Response to Query from Congressman Les Aspin

Distribution:

Original - Addressee

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DDI/SOVA/DEIG/DED/DC

(1 April 1986)

SECRET

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

AD/SOVA

EXTENSION

NO.

ER 0818X/1 86

DATE

1 April 1986

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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DDI Registry (7E-47)

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17 Apr 86

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		1 April 1986
TO: (Name, office symbol, room number, building, Agency/Post)	Initials	Date
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4. Executive Registry (7E-12)	only	9 APR 1986
5. DCI		
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As Requested	For Correction	Prepare Reply
Circulate	For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	
REMARKS		
<p>ADCI response to questions on SOVA's dollar costing work from Congressman Les Aspin.</p>		

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